

# MISSOURI QUALITY JOBS

**MISSOURI**  
DEPARTMENT OF ECONOMIC DEVELOPMENT



**2005 Annual Report**



## Missouri Quality Jobs Program Annual Report for 2005

The Missouri Quality Jobs Program was introduced and passed during the 2005 Legislative Session, and became effective on August 28, 2005. By the end of the year, 25 projects (representing 22 companies) received approval to participate in the program.

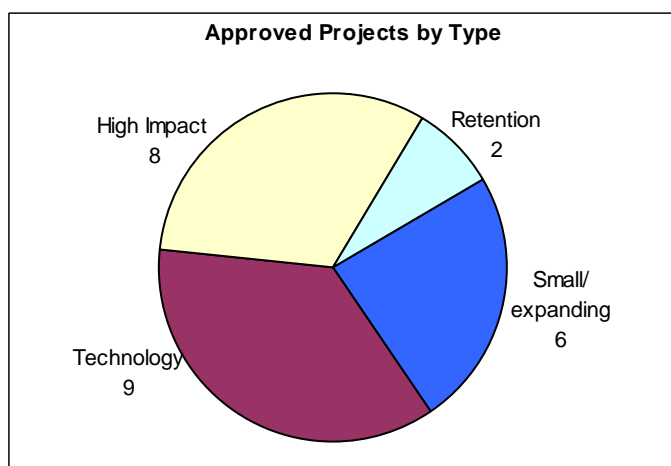
### ***Program Requirements***

The Quality Jobs Program provides benefits for companies creating a minimum number of jobs as required by each of the project types. Small/expanding business projects must create a minimum of twenty new jobs in rural counties or forty new jobs in non-rural counties within two years. Technology business projects, determined by the NAICS code assigned for the business activity at the facility, must create ten or more new jobs within two years. High impact projects must create at least one hundred new jobs, the first new job within one year of approval and at least ninety-nine more within two years of hiring of the first new job. For program eligibility, the average wage of the new jobs must be at least the county average wage, the employees must work an average of thirty-five hours a week and the employer must offer health insurance to the employee, paying at least fifty percent of the premium.

Retention projects must be approved by the Missouri Quality Jobs Task Force (or by the Department Director until the Task Force members are appointed). Such companies must be considered to have a significant statewide effect on the economy, have been determined to represent a substantial risk of relocation from the state and must have employed a minimum of one thousand full-time employees for the previous two years with the average wage at or exceeding the county average wage. In addition, the company must provide new investment of at least \$70 million within two years or invest at least \$30 million within two years and maintain a payroll of at least \$70 million each year a tax credit is claimed. Local incentives must be at least fifty percent of the new local revenue generated for ten years.

### ***Location***

Missouri Quality Jobs projects have been approved statewide, sixteen in non-rural areas and nine in rural areas. A “rural area” is defined as “a county in Missouri with a population less than seventy-five thousand or that does not contain an individual city with a population greater than fifty thousand according to the most recent federal decennial census.” The city and county are provided for each project in the tables on the following page.



2005 Approved Job Creation Projects				
Company	City	County	Job Creation Projection	Projected Starting Average Wage
AKA Advertising	Kansas City	Jackson	60	\$41,458
Analytical Bio-Chemistry Laboratories, Inc.	Columbia	Boone	250	\$35,000
Cerner	North KC	Clay	600	\$55,000
Cerner	Lee's Summit	Jackson	300	\$55,000
Cerner	KC	Jackson	300	\$55,000
CPAC, Inc.	Cape Girardeau	Cape Girardeau	100	\$35,000
CPros, Inc.	Blue Springs	Jackson	16	\$70,000
Duck Creek Technologies	Bolivar	Polk	65	\$62,000
EFCO Corporation	Monett	Barry	200	\$25,958
EnerSys Energy Products, Inc.	Warrensburg	Johnson	50	\$26,573
Express Scripts	St. Louis County	St. Louis County	480	\$82,400
Kawasaki	Maryville	Nodaway	100	\$25,896
Midwest Data Center	Rock Port	Atchison	22	\$27,040
Mississippi Lime Company	St. Louis	St. Louis City	41	\$88,950
Nordenia USA , Inc.	Jackson	Cape Girardeau	37	\$29,660
Saint Luke's East Hospital	Lee's Summit	Jackson	170	\$50,000
Savvis Communications Corporation	Town & Country	St. Louis	290	\$68,400
State Street Bank	Kansas City	Jackson	987	\$36,209
Talison Technologies, Inc.	St. Louis	St. Louis	131	\$72,100
Truesdale Packaging Company, LLC (The Coca-Cola Company)	Warrenton	Warren	60	\$38,500
Unified Development	St. Louis	St. Louis	38	\$73,127
Universal Asset Management	Harrisonville	Cass	20	\$40,000
Westar Aerospace & Defense Group Inc.	St. Charles	St. Charles	188	\$80,000
Total			4505	

2005 Approved Job Retention Projects				
Company	City	County	Job Retention	Average Wage of Retained Jobs
Express Scripts	St. Louis County	St. Louis County	1200	\$51,642
Pfizer	St. Louis	St. Louis County	1179	\$96,685
Total			2379	

### ***Annual Benefit Provided***

Benefits for the Missouri Quality Jobs Program may be in two forms, retained withholdings and/or tax credits, depending on the project type.

- Small/expanding business projects may retain the withholdings for new jobs for three years if the average wage of the new jobs equals one hundred to one hundred nineteen percent of the county average wage or for five years if the average wage of the new jobs is one hundred twenty percent or more of the county average.
- Technology companies receive a base benefit of five percent of the new payroll for five years. An Average Wage Bonus (see below) may be added if requirements are met. If the withholdings are less than the total benefit, the balance is issued to the company in the form of a sellable/refundable tax credit.
- High Impact companies receive a base benefit of three percent of the new payroll for five years. An Average Wage Bonus and Local Incentives Bonus (see below) may be added if

requirements are met. If the withholdings are less than the total benefit, the balance is issued to the company in the form of a sellable/refundable tax credit.

**Average Wage Bonus** – Bonus based on percentage of new job average wage to county average wage.

- Greater than 120% and up to 140% - company receives additional ½ % of the payroll of new jobs
- Greater than 140% – company receives additional 1% of the payroll of new jobs

**Local Incentives Bonus** – Bonus based on the local incentives provided to the project as a percentage of new local tax revenue generated from the project, over ten years.

- 10-24% - company receives additional 1% of the payroll of new jobs
- 25-49% - company receives additional 2% of the payroll of new jobs
- 50% or more – company receives additional 3% of the payroll of new jobs

### ***Net State Fiscal Impact***

The Missouri Economic Research Center has estimated the economic impact of the Missouri Quality Jobs Program using the REMI Missouri Regional Economic Model. Key findings for program impact include:

Over 15 years, every dollar of investment in the Missouri Quality Jobs program returns:

- \$10.19 in new general revenues for the State of Missouri, totaling \$501.755 million over 15 years
- \$157.29 in new personal income for Missourians, totaling \$7.746 billion over 15 years
- \$357.76 in new value added to the state economy, totaling \$17.619 billion over 15 years
- \$574.78 in new economic activity in Missouri, totaling \$28.307 billion over 15 years

The Research Brief for projects approved in 2005 is provided as part of the annual report for this program.

Company	2005 Approved Job Creation Projects - Estimation of benefits by company												Total Benefit by Project
	Withholdings 2006	Tax credits 2006	Withholdings 2007	Tax credits 2007	Withholdings 2008	Tax credits 2008	Withholdings 2009	Tax credits 2009	Withholdings 2010	Tax credits 2010	Withholdings 2011	Tax credits 2011	
AKA Advertising			\$48,091		\$52,900		\$58,912		\$66,126		\$72,137		\$298,166
Analytical Bio-Chemistry Laboratories, Inc.	\$18,900	\$16,100	\$49,950	\$42,550	\$105,300	\$89,700	\$193,725	\$165,025	\$290,250	\$247,250			\$1,218,750
Cerner	\$341,000	\$ 429,000	\$ 511,500	\$ 643,500	\$ 682,000	\$ 750,000	\$ 852,500	\$ 750,000	\$ 1,023,000	\$ 750,000			\$6,732,500
Cerner			\$ 170,500	\$ 106,500	\$ 255,750	\$ -	\$ 341,000	\$ -	\$ 426,250	\$ -	\$ 511,500	\$ 643,500	\$2,455,000
Cerner			\$ 170,500	\$ -	\$ 255,750	\$ -	\$ 341,000	\$ -	\$ 426,250	\$ -	\$ 511,500	\$ 106,500	\$1,811,500
CPAC, Inc.		\$82,775		\$112,860		\$127,875		\$182,325		\$222,750			\$728,585
CPross, Inc.			\$23,100	\$18,900	\$28,512	\$23,328	\$34,188	\$27,972	\$40,128	\$32,832	\$41,184	\$33,696	\$303,840
Duck Creek Technologies	\$48,050	\$44,950	\$65,100	\$60,900	\$83,700	\$78,300	\$105,710	\$98,890	\$124,930	\$116,870			\$827,400
EFCO Corporation			\$89,555	\$27,256	\$119,407	\$36,341	\$119,407	\$36,341	\$119,407	\$36,341	\$119,407	\$36,341	\$739,803
EnerSys Energy Products, Inc.	\$18,335		\$31,476		\$32,420								\$82,231
Express Scripts			\$271,920	\$304,880	\$ 537,749	\$ 602,931	\$855,999	\$750,000	\$1,175,571	\$750,000	\$1,513,548	\$750,000	\$7,512,598
Kawasaki	\$59,561	\$18,127	\$61,348	\$18,671	\$63,188	\$19,231	\$65,084	\$19,808	\$67,036	\$20,402			\$412,456
Midwest Data Center			\$6,219	\$8,653	\$8,085	\$11,249	\$9,951	\$13,844	\$11,816	\$16,440	\$13,682	\$19,036	\$118,975
Mississippi Lime Company	\$123,996		\$127,716		\$131,548		\$135,494		\$139,559				\$658,313
Nordenia USA , Inc.			\$25,241		\$25,998		\$26,778						\$78,017
Saint Luke's East Hospital	\$186,000	\$54,000	\$201,500	\$58,500	\$217,000	\$63,000	\$232,500	\$67,500	\$263,500	\$76,500			\$1,420,000
Savvis Communications Corporation	\$21,204	\$19,836	\$162,624	\$133,056	\$322,988	\$264,263	\$517,671	\$423,549	\$736,890	\$500,000			\$3,102,081
State Street Bank	\$136,872	\$167,288	\$392,937	\$480,256	\$683,684	\$750,000	\$1,159,692	\$750,000	\$1,242,030	\$750,000			\$6,512,759
Talison Technologies, Inc.	\$49,965	\$40,881	\$100,478	\$82,209	\$166,597	\$136,307	\$246,994	\$202,086	\$350,807	\$287,024			\$1,663,348
Truesdale Packaging Company, LLC (The Coca-Cola Company)	\$41,580		\$51,975		\$62,370		\$64,241		\$66,168				\$286,334
Unified Development			\$24,132	\$19,744	\$42,879	\$35,083	\$62,352	\$51,015	\$82,954	\$67,871	\$104,737	\$85,694	\$576,461
Universal Asset Management	\$23,200		\$23,200		\$23,382		\$23,683		\$24,070				\$117,535
Westar Aerospace & Defense Group Inc.	\$272,000	\$208,000	\$453,859	\$347,069	\$490,560	\$375,134	\$532,026	\$406,843	\$575,542	\$440,120			\$4,101,153
Total	\$1,340,663	\$1,080,957	\$3,062,921	\$2,465,504	\$4,391,767	\$3,362,742	\$5,978,907	\$3,945,198	\$7,252,284	\$4,314,400	\$2,887,695	\$1,674,767	\$41,757,805

Company	2005 Approved Job Retention Projects - Estimation of benefits by company												Total Benefit by Project
	Withholdings 2006	Tax credits 2006	Withholdings 2007	Tax credits 2007	Withholdings 2008	Tax credits 2008	Withholdings 2009	Tax credits 2009	Withholdings 2010	Tax credits 2010	Withholdings 2011	Tax credits 2011	
Express Scripts		\$1,000,000		\$1,000,000		\$1,000,000		\$1,000,000		\$1,000,000			\$5,000,000
Pfizer		\$500,000		\$500,000		\$500,000		\$500,000		\$500,000			\$2,500,000
Total		\$1,500,000		\$1,500,000		\$1,500,000		\$1,500,000		\$1,500,000			\$7,500,000
Grand Total of Benefits	\$1,340,663	\$2,580,957	\$3,062,921	\$3,965,504	\$4,391,767	\$4,862,742	\$5,978,907	\$5,445,198	\$7,252,284	\$5,814,400	\$2,877,695	\$1,674,767	\$49,247,805

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# RESEARCH BRIEF

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## ECONOMIC IMPACT OF THE MISSOURI QUALITY JOBS PROGRAM 2005 PROJECTS

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The Missouri Quality Jobs Program targets three economic areas that are most important to Missouri's future - small and expanding businesses, advanced technology companies, and high impact projects. The difference between the Quality Jobs Program and other incentives is that the employer must produce jobs to receive state benefits and the more jobs, the greater the benefit.

Qualifying businesses are required to create a minimum number of new jobs at competitive wage levels, offer health insurance to these new employees and pay at least half of the health insurance premiums for these individuals. For example, small and expanding businesses must produce more than 20 new jobs in a rural area and 40 new jobs in a non-rural area, technology businesses must produce 10 or more new jobs, and high impact businesses must produce 100 or more new jobs - all within two years. In return, qualifying employers will keep a percentage of the state withholding taxes normally paid to the state for these new employees for a set number of years. The amount of the benefit is based on the wage paid relative to the county average wage where the employer is located. Also under Quality Jobs, a company that considers leaving Missouri and has employed at least 1,000 full-time, year-round people at competitive wages and provided their health insurance for the past two years can qualify for a tax credit to remain in Missouri. Through this approach, DED ensures that taxpayer dollars only go to businesses that create new jobs in Missouri.

### **MQJP KEY FINDINGS**

With proposals submitted to DED to date, the MQJP will directly generate \$160.599 million in new investment and create 4,505 new jobs with health benefits paying an average wage of \$57,606 per year.

At full operation in 2020, the MQJP will create roughly 10,229 direct and spin-off jobs in Missouri. This translates into 208 new jobs per \$1 million dollars of MQJP investment.

*Over 15 years, every dollar investment in MQJP returns:*

- \$10.19 in new general revenues for the State of Missouri, totaling \$501.755 million over 15 years.
- \$157.29 in new personal income for Missourians, totaling \$7.746 billion over 15 years.
- \$357.76 in new value-added to the state economy, totaling \$17.619 billion over 15 years.
- \$574.78 in new economic activity in Missouri, totaling \$28.307 billion over 15 years.

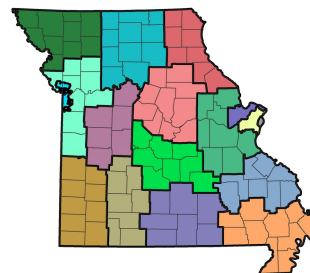
### **Missouri Quality Jobs Program**

#### **Activity for 2005 Calendar Year**

As of December 31, 2005, DED has approved Notices of Intent for 23 Small/Expanding, Technology and High Impact projects and 2 Retention projects from businesses to participate in the Quality Jobs Program. Most of these businesses are engaged in professional, technical, and scientific services, information technology, corporate headquarters, banking, insurance, health care, and advanced manufacturing. The direct impact of these businesses will generate \$160.599 million in new investment, and create 4,505 new jobs with health benefits paying an average wage of \$57,606 in 2011 in Missouri. Incentives for this program will cost the state \$49.258 million in general revenue. Other benefits not included in this analysis are the retention of more than 2,300 jobs with health benefits. The stated impacts are likely higher due to these net new economic benefits, but we are unable to determine the extent of their impact.

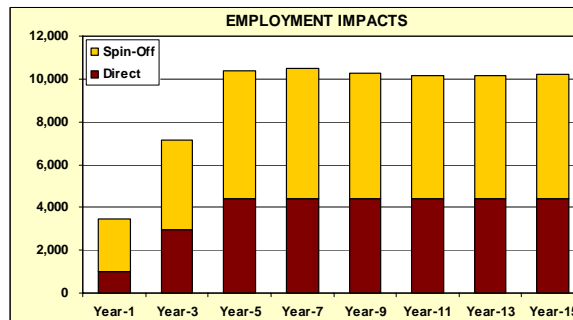
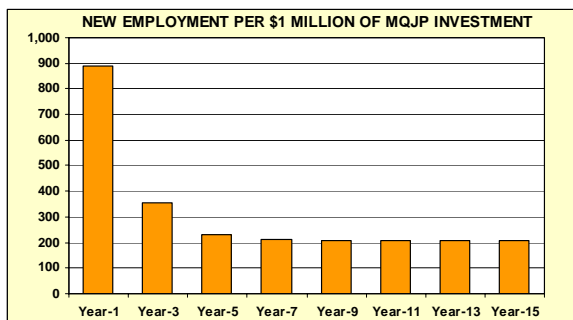
## ESTIMATED ECONOMIC IMPACT

The economic impact of the Missouri Quality Jobs Program is estimated using the REMI Missouri Regional Economic Model, which has been customized for the state's 17 economic regions. The forecasting and policy analysis system includes key econometric estimates and integrates inter-industry transactions, long run equilibrium features, and the new economic geography. It includes: substitution among factors of production in response to changes in relative factor costs; migration responses to changes in expected income; labor participation rate responses to changes in real wage and employment conditions; wage rate responses to labor market changes; consumer consumption responses to changes in real disposable income and commodity prices; and local, regional, and market shares responses to changes in regional production costs and agglomeration economics.



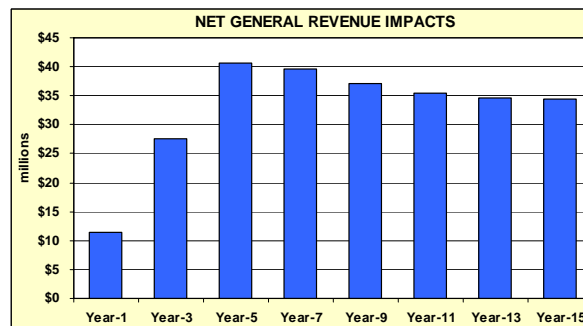
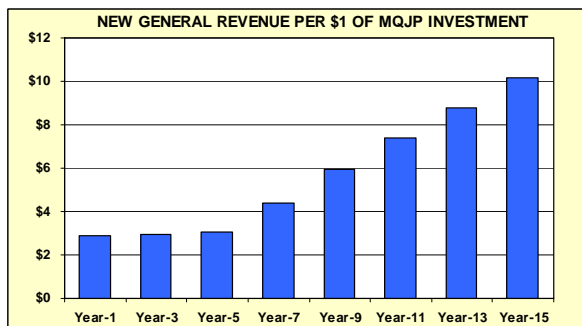
### Employment

At full operation in 2020, every one million dollars of state money invested in the Quality Jobs Program creates nearly 208 direct and indirect jobs in Missouri. Given current projects to date, by 2020 the program will create roughly 10,229 direct and indirect jobs in Missouri paying an average wage of \$55,800 per job.



### General Revenues

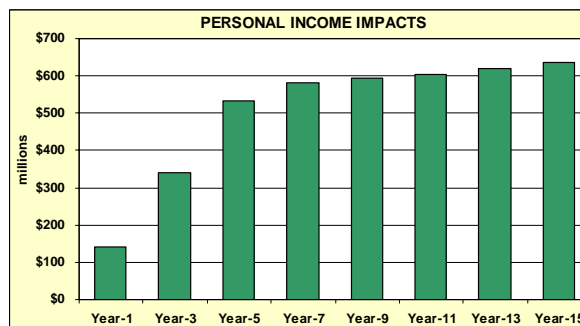
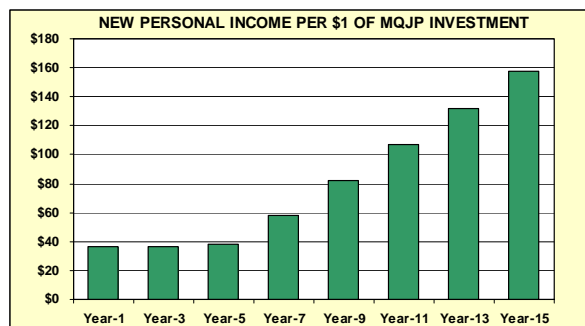
Over 15 years, every dollar of state money invested in the Quality Jobs Program returns \$10.19 in general revenue taxes to the State of Missouri. Given current projects to date, this will generate \$501.755 million in new cumulative net state general revenues over 15 years, which averages to \$33.450 million in new general revenues annually.





## Personal Income

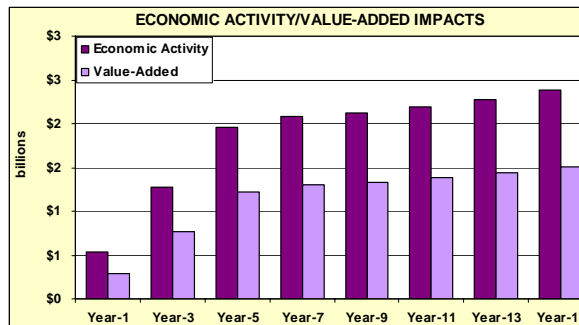
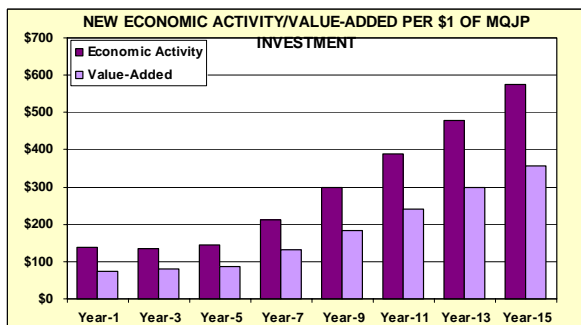
Over 15 years, every dollar of state money invested in the Quality Jobs Program returns \$157.29 in personal income to Missourians. Given current projects to date, this will generate \$7.746 billion in new cumulative personal income over 15 years, which averages to \$516.404 million in new personal income annually.



## Economic Activity and Value-Added

Over 15 years, every dollar of state money invested in the Quality Jobs Program returns \$574.78 in new economic activity to the state's economy. Given current projects to date, this will generate \$28.307 billion in new economic activity over 15 years, which averages to \$1.887 billion in new economic activity annually.

Another measure of economic activity is the value-added to intermediate goods and services. Value-added is equal to total economic activity excluding goods and services used as inputs in the production process. Value-added is used to pay compensation, taxes, capital, and profits. Using this measure, every dollar of state money invested in the Quality Jobs Program returns \$357.76 in new value-added to the state's economy. Given current projects to date, this will generate \$17.619 billion in new value-added over 15 years, which averages to \$1.175 billion in value-added annually.



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